

Message Text

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PAGE 01 LONDON 15074 211919Z

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ACTION EB-11

INFO OCT-01 EUR-25 NEA-10 ISO-00 SCEM-02 CIAE-00 INR-10

NSAE-00 RSC-01 INT-08 TRSE-00 SS-20 PA-04 PRS-01

USIA-15 NSC-10 COME-00 L-03 SCI-06 PM-07 DODE-00

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 6659

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY JIDDA

UNCLAS LONDON 15074

E.O. 11652: N/A

TAGS: ENRG, UK

SUBJECT: FINANCIAL TIMES REPORT OF HUGE FRENCH-SAUDI OIL
DEAL

1. DECEMBER 18 FINANCIAL TIMES REPORTS FRANCE IS STEPP-
ING UP ITS DIRECT GOVERNMENT-TO-GOVERNMENT NEGOTIATIONS
TO SECURE MIDDLE EAST OIL SUPPLIES AMID UNCONFIRMED
REPORTS IT HAS ACHIEVED A HUGE LONG-TERM SUPPLY DEAL WITH
SAUDI ARABIA.

2. REPORTED ARRANGEMENT COVERS 800 MILLION TONS OVER A
TWENTY YEAR PERIOD. WHILE OFFICIALLY DENIED BY FRENCH
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PAGE 02 LONDON 15074 211919Z

GOVERNMENT SPOKESMAN, INDUSTRY SOURCES, ALTHOUGH SKEPTI-
CAL OF FIGURES MENTIONED, FEEL IT QUITE PROBABLE THAT

SOME SUCH ARRANGEMENT WAS REACHED DURING VISIT TO RIYADH
OF INTERNATIONAL AFFAIRS DIRECTOR OF DEFENCE MINISTRY
HUGUES DE L'ESTOILE.

3. FINANCIAL TIMES STATES THAT IT IS NO SECRET FRENCH
ARE SEEKING LONG-TERM "FRAMEWORK AGREEMENTS" WITH
PRODUCING STATES WITHIN WHICH INDIVIDUAL INDUSTRIAL
SECTORS CAN MAKE THEIR OWN ARRANGEMENTS. IN RETURN,
FRANCE WOULD MAKE HEAVY CAPITAL INVESTMENTS IN ARAB
COUNTRIES.

4. MINISTER CHARBONNEL IS ALSO UNDERSTOOD TO BE SEEKING
A SIMILAR DEAL WITH IRAQ DURING HIS VISIT TO BAGHDAD.
ACCORDING TO FINANCIAL TIMES, CHARBONNEL IS LOOKING FOR
AN ENLARGEMENT OF EXISTING TEN YEAR SUPPLY AGREEMENT FOR
130 MILLION TONS BETWEEN IRAQIS AND CFP. IN RETURN FOR
EXTRA CRUDE, GOF ALLEGEDLY WOULD BACK CONSTRUCTION OF
PETRO-CHEMICAL INDUSTRY.

5. FINANCIAL TIMES STATES IT ALSO CONFIRMED ON DECEMBER
17 THAT FRANCE IS NEGOTIATING WITH KUWAIT AND ABU DHABI
TO USE ASSOCIATED GAS PRODUCED FOR PETRO-CHEMICAL
INDUSTRY AND FINAL ACCORD COULD BE REACHED VERY SHORTLY.

6. FINANCIAL TIMES NOTES THAT POSITION OF HUGUES DE
L'ESTOILE OF DEFENSE MINISTRY HAS STRENGTHENED SPECULA-
TION FRANCE INTENDS TO PAY FOR ANY OIL IT MAY BUY FROM
SAUDI ARABIA WITH LARGE DELIVERIES OF ARMS - PERHAPS
INCLUDING 38 MIRAGE JETS WHOSE LONG-PENDING SALE TO KING
FAISAL HAS BEEN WIDELY RUMORED.

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